

MANAGEMENT MEMO

	NUMBER: 01-06
SUBJECT: INFORMATION TECHNOLOGY ACQUISITION PLANNING POLICY	DATE ISSUED: MAY 1, 2001
REFERENCES: CALIFORNIA GOVERNMENT CODE SECTION 11700, ET SEQ. PUBLIC CONTRACT CODE SECTION 12100, ET SEQ.	EXPIRES: WHEN RESCINDED ISSUING AGENCY: DEPARTMENT OF INFORMATION TECHNOLOGY

PURPOSE

This Management Memo defines the policy and requirements that will govern the State's information technology (IT) acquisition planning and oversight process. This includes acquisition of goods and services for new IT projects and ongoing maintenance and operations of completed systems. Subsequent Management Memos will follow for the implementation of this policy.

AUTHORITY

Pursuant to Public Contract Code Section 12100, et seq. and Government Code 11700 et seq., the Department of Information Technology (DOIT), in consultation with the Department of General Services (DGS), is charged with the development of IT acquisition policies and standards to improve the acquisition and contract management practices of IT projects.

POLICY

State entities shall establish an ongoing acquisition planning process to ensure the most timely and value-effective acquisition of IT goods and services to satisfy State program needs and requirements. State entities shall develop an overall IT acquisition strategy and approach for acquiring IT goods and services, including the necessary steps to plan, manage, and oversee the acquisition, as well as methods and strategies for ongoing asset management to sustain an IT infrastructure that supports program operations.

APPLICABILITY

This policy applies to all State entities except those entities statutorily exempted, which include the University of California, the California State University, the State Compensation Insurance Fund, the community college districts, and agencies provided for by Article VI of the California Constitution, or the Legislature.

IT ACQUISITION PLANNING

In today's environment, acquisition is not just viewed as contracting, but rather as an investment toward the advancement of a State agency's mission and programs. As a result, acquisition planning and the selection of the appropriate acquisition strategy is critical to IT project success and the overall achievement of State entities' business goals and objectives.

For the purposes of this policy, acquisition planning is defined as the process by which the efforts of all personnel responsible for the acquisition of IT goods and services are coordinated and integrated through a comprehensive plan for fulfilling a State entity's needs in a timely and value-effective manner. It includes developing the overall strategy for managing IT acquisitions, including the policies, procedures, standards, guidelines, tools, and performance metrics for contract management.

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State entities will include the following acquisition planning elements for the current and upcoming Agency Information Management Strategy (AIMS)ⁱ documents submitted to DOIT annually.

- Name of proposed IT project
- Description of proposed IT project
- Estimated dollar amount of proposed IT project
- Proposed method of acquisition (Solicitation method Request for Quotation (RFQ), Invitation for Bid (IFB), Request for Proposal (RFP), etc., California Multiple Awards Schedule (CMAS), Master Service Agreement (MSA))
- DOIT approval authority (Project approval, delegation)
- Special conditions on project
- Planned procurement start date
- Planned proposed contract award date
- Project Management methodology
- Contract Administration methodology

In addition to implementing an overall State framework and strategy for acquisition planning, State entities must develop an IT Procurement Plan for each project.

IT PROCUREMENT PLAN

State entities will develop and maintain an IT Procurement Plan for each IT project acquisition that requires the procurement of IT goods and services. The Plan should describe the overall acquisition approach and strategy for managing the acquisition and define how contracts will be structured to satisfy the business goals and performance objectives in a timely and cost-effective manner.

State entities will develop and submit IT Procurement Plans to DOIT and DGS for approval in accordance with their DOIT and Department of Finance (DOF) delegation for IT project reporting and/or DGS IT procurement delegation to conduct IT acquisitions. Acquisitions associated with these delegations are prohibited prior to DOIT/DGS approval of the IT Procurement Plan. Information available in the IT Project submittal to DOIT/DOF can also be used when State entities submit their IT Procurement Plan.

The IT Procurement Plan must include the following components:

Project Business Case Information

- Describe the business problem to be solved, business objectives and any significant conditions affecting the acquisition.
- Identify the prospective solutions that can meet the business requirements. Address the extent and results of the market research and indicate their impact on the business and project objectives.
- Discuss the rationale for any Make (internal resources) or Buy (external resources) decisions and include operational policies, constraints, and associated resource limitations. When services are included, Government Code Section 19130 provisions must be considered in "key decisions."
- Classify and rank alternatives and recommended solutions in terms of essential, desirable, and optional business needs.

ⁱ Release date of AIMS is to be determined.

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Project Time Management Information

- Identify key action milestones with entrance and exit criteria metricsⁱⁱ from project initiation through contract closeout.

Project Risk Management Information

- Discuss operational, technical, cost, schedule, and funding risks associated with the planned acquisition. Describe what efforts are planned or underway to mitigate the risk. Describe what are the operational and organizational consequences of failure to achieve business objectives.

Project Human Resources Management Information

- Identify and discuss roles and responsibilities of key project stakeholders (Project Manager, Contract Manager, Risk Manager) to ensure success of the project and maintain integrity of the contract.

Project Procurement Management Information

- Identify the proposed acquisition methodology (Alternative Procurement, IFB, CMAS, MSA, sole source, etc.); identify tools, management processes, and techniques to be used in managing and controlling the acquisition process.
- Specify how competition, fairness, and compliance with other statutory requirements will be achieved.
- Identify tools to manage contracts, and measure and report problems in accordance with DOIT and DGS metricsⁱⁱⁱ.
- Demonstrate that the provisions above are consistent with the project approvals and are effective from project initiation through contract closeout.
- Identify how the State's investment will be protected during the term of the contract.
- Describe how project objectives, risks, and costs will be balanced to ensure a cost-effective solution.
- Describe how monthly reports to DOIT and DGS will be addressed and how the entity will report the status, problems, issues, viability of each project in the acquisition, and any conditions requiring amendment to related contracts.

In developing the IT Acquisition Plan, State entities will also consider the following:

DELEGATION AUTHORITY

Most State entities are assigned two types of delegations: 1) a DOIT/DOF delegation for IT project reporting and approval, and 2) a DGS IT procurement delegation to conduct IT acquisitions. State entities are prohibited from conducting any type of IT Acquisition, regardless of the procurement method, without control agencies' approvals for projects that are reportable to DOIT/DOF for project approval.

Except for the costs associated with the development of the IT Procurement Plan, **the State entity, in accordance with its DOIT/DOF criteria for IT project reporting**, will not expend any State resources (personnel or funds) on the acquisition until approved by DGS and DOIT for reportable projects or approved by the State entity's director for delegated projects.

ⁱⁱ Criteria used to determine if the project should continue into the next phase.

ⁱⁱⁱ Release date for DOIT/DGS metrics is currently under development.

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All delegated IT project information must be registered^{iv}. State entities must certify that the IT Procurement Plan has been developed and is available for DOIT/DOF review upon request.

NEW INFORMATION TECHNOLOGY PROPOSALS

State entities must submit new proposed IT projects to DOIT and DOF in accordance with the policies and procedures defined in Volumes I and II of the State Information Management Manual (SIMM). Entities must also submit an IT Procurement Plan along with the project initiation and approval documents for any IT proposal that meets the criteria for reportable projects, as defined in the SIMM and DOF Budget Letters. In addition, entities must submit the IT Procurement Plan to DGS in accordance with the cost thresholds defined in Section 5205 of the State Administrative Manual (SAM).

Prior to submitting any project documents for approval, State entities must consult with the DGS/Procurement Division to identify the best acquisition methodology and strategy to satisfy the entity's requirements. The acquisition methodology must provide for an evaluation of the procurement approach and viability of the solution to meet the business and project objectives.

ALTERNATIVE PROCUREMENTS

SAM Section 5215 provides for the use of alternative acquisition techniques for those business problems that offer unique challenges for which traditional procurement techniques, as outlined in SAM Section 5211, may not be adequate to meet the State's needs. Entities that believe they have such a business problem can concurrently request authorization from DOIT and DGS to use an alternative acquisition technique. These requests must specify the problem to be solved, the reasons why an alternative acquisition technique may be appropriate, and the proposed acquisition methodology.

Entities must submit an IT Procurement Plan, as prescribed above, with each alternative procurement request. DOIT and DGS will evaluate both the request and the IT Procurement Plan, and in concert, will either approve or deny the request.

MAINTENANCE AND OPERATIONS

Once a State entity completes the activities described in any approved project-planning document, DOIT will regard the project as complete, pending receipt and approval of the required Post Implementation Evaluation Report. In order to facilitate the ongoing maintenance and operation of completed systems and to allow the entity to perform the myriad routine activities and changes necessary to support the system on an ongoing basis, DOIT will require entities to submit a Maintenance and Operation Plan (MOP)^v once the project implementation is complete in accordance with the Maintenance and Operation Policy. At such time, the entity must also submit for approval a revised IT Procurement Plan, which describes the strategy and plan for acquiring the goods and services identified in the MOP.

ENTERPRISE ASSET MANAGEMENT

The State can achieve tremendous savings by leveraging its buying power through the use of volume purchase agreements for hardware and software. However, in order to take full advantage of such a savings, State entities must establish and implement asset management strategies, standards, and tools for the entire organization to manage the acquisition, refresh, and disposal of its IT assets. State entities must include plans to manage, catalog, and report to

^{iv} Proposed date for Enterprise Portfolio Management Project Registration Pilot rollout is to be determined.

^v Release date of Maintenance and Operation Plan (MOP) is to be determined.

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DOIT all of their enterprise software and hardware. This will provide DOIT and DGS the ability to determine which shared or identical IT solution strategies exist for the development of enterprise volume purchase agreements as well as guiding State entities in leveraging existing solutions.

REHABILITATION ACT AMENDMENTS OF 1998

Section 508 of the Rehabilitation Act requires Federal agencies that develop, procure, maintain, or use electronic and information technology, to ensure that the electronic and information technology is accessible to people with disabilities, unless it would pose undue burden to do so. Federal employees and members of the public who have disabilities must have access to and use of information and services that are comparable to those available to non-disabled Federal employees and members of the public. In addition to Federal agencies, State entities are also impacted by Section 508. States receiving Federal funding under the Assistive Technology Act of 1998 will be subject to Section 508. This means that State entity purchases of electronic and information technology must also comply with the accessibility standards set forth under Section 508.

ACQUISITION OVERSIGHT

The acquisition oversight performed by DOIT and DGS will be commensurate with the nature and scope of the IT acquisition, the impact on the organization, the associated risks and implementation plans.

State entities must implement and maintain an IT acquisition oversight framework. The IT Acquisition framework consists of the following:

- Project management methodology, procurement management processes, contract management methodology, and the tools necessary to measure and report performance in accordance with DOIT and DGS metrics;
- Processes and procedures to facilitate appropriate procurement management, contract management, and quality assurance processes and methodologies;
- Identification of a contract manager to ensure that the integrity of the contract and the conditions of the award are strictly followed. The contract manager will ensure that the contract is current, effectively executed, and administered throughout the solution implementation and project life cycle. The contract manager will assist the project manager to provide monthly reports to DOIT/DGS. These reports will identify all problems or disputes with the contractor and any conditions requiring formal amendment to the contract.

Each entity must update its IT acquisition oversight framework on an ongoing basis to reflect changes in policy and processes.

State entities may also be required to have an independent oversight contractor in accordance with policies defined in the State Information Management Manual.

ENFORCEMENT

The enforcement of this policy will be achieved through a partnership between DOIT, DGS and State entities. This collaboration will ensure that procurements for IT projects will achieve expected outcomes in accordance with the objectives stated in the project approval. DOIT and DGS will monitor State entity IT procurement activities and develop metrics that can be used to measure and evaluate procurement activities' compliance with State policy and procedures. Through such monitoring, DOIT and DGS will recommend and pursue prescriptive measures and take corrective action to mitigate risks to the State.

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IMPLEMENTATION

DOIT and DGS will continue to jointly implement policies, develop methods, and establish procedures to enhance the procurement process to promote an effective, efficient, and successful value-effective acquisition. DOIT and DGS will build upon model programs that will facilitate value-effective acquisitions.



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